

## Message Text

UNCLASSIFIED

PAGE 01 WELLIN 02448 280640Z  
ACTION EB-07

INFO OCT-01 EUR-12 EA-09 ISO-00 CIAE-00 COME-00  
DODE-00 DOTE-00 FMC-02 INR-07 NSAE-00 CG-00  
DLOS-09 OES-07 AGRE-00 L-03 ST-01 /058 W  
-----106764 280648Z /20

R 272121Z JUN 77  
FM AMEMBASSY WELLINGTON  
TO SECSTATE WASHDC 3469  
INFO AMEMBASSY PARIS  
AMEMBASSY CANBERRA

UNCLAS WELLINGTON 2448

USOECD

E.O. 11652: NA  
TAGS: ETRN EWWT ETRD  
SUBJ: FREIGHT RATES INCREASE

1. TWO FREIGHT RATE RISES HAVE BEEN ANNOUNCED. THE FIRST ANNOUNCED BY THE NEW ZEALAND-EUROPEAN SHIPPING ASSOCIATION AND THE NZ WOOL MARKETING CORPORATION APPLIES TO FREIGHT RATES FOR WOOL WHICH WILL RISE BY 12.5 PERCENT AFTER OCT 1 1977. THE SECOND, ANNOUNCED BY UNION COMPANY, IS A 7 PCT INCREASE IN FREIGHT CHARGES ON TASMAN TRADE FOR SERVICES OUT OF NEW ZEALAND PORTS, TO APPLY FROM JUL 1 1977. THIS RISE FOLLOWS ONE OF 6 1/2 PCT IN JAN 1977.

2. THE WOOL FREIGHT RATE RISE WILL REPORTEDLY BE AS MUCH AS 20 PCT HIGHER THAN FOR THE CURRENT SEASON. THE WOOL MARKETING CORPORATION'S SHIPPING MANAGER EXPLAINED THAT SEVERAL ITEMS PREVIOUSLY PAID FOR SEPARATELY FROM THE SHIPPING RATE (E.G. WHAREAGE AND WHARF HANDLING COSTS IN NZ AND IN EUROPE) WERE NOW INCORPORATED IN THE NEW COST.

3. THE RISE IN TASMAN SHIPPING RATES PROMPTED A STRONG  
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REACTION FROM THE PRESIDENT OF THE MANUFACTURERS FEDERATION. HE CLAIMED IT WAS A FURTHER INCREASE ON WHAT IS ALREADY THE MOST EXPENSIVE BTT OF WATER IN THE WORLD. HE ALSO CRITICIZED THE TIMING OF THE MOVE - COMING ON TOP OF THE IMPOSITION BY AUSTRALIAN AUTHORITIES OF A CUTBACK IN THE QUOTA ON NZ CLOTHING EXPORTS TO AUSTRALIA. HE CHARGED THAT THE UNION COMPANY HAS A NEAR-MONOPOLY OF TASMAN TRADE (REPORTEDLY CARRYING 90 PCT

OF THE FREIGHT TO AUSTRALIA). THE AUSTRALIAN NATIONAL LINE (ANL) WHICH PROVIDES MONTHLY SAILINGS IS REPORTEDLY USUALLY PRIVY TO UNION'S FREIGHT NEGOTIATIONS AND IS EXPECTED TO FOLLOW WITH ITS OWN FREIGHT RATE HIKE.

4. THE ADMINISTRATION MANAGER FOR UNION COMPANY DISAGREED WITH THE COMMENTS OF THE PRESIDENT OF THE MANUFACTURERS' FEDERATION SAYING THAT AUSTRALIA AND NZ WERE BOTH HIGH COST COUNTRIES IN TERMS OF PRODUCING GOODS FOR EXPORT BUT THE SEA FREIGHT COSTS WERE LESS THAN 10 PCT OF THE SELLING PRICES OF THE COMMODITIES SOLD OVERSEAS. HE ALSO DISPUTED THE MONOPOLY CLAIMS REPORTEDLY SAYING "WE'RE NOT A MONOPOLY. ANYONE CAN COME IN AND COMPLETE WITH US."  
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## Message Attributes

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**Review Markings:**  
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